



NORTH CAROLINA GENERAL ASSEMBLY  
STATE LEGISLATIVE BUILDING  
16 W. Jones Street  
Raleigh, North Carolina 27601-1030

July 26, 2012

Mr. David Joyner, Executive Director  
Turnpike Authority  
North Carolina Department of Transportation  
5400 Glenwood Avenue, Suite 400  
Raleigh, NC 27612

Dear Mr. Joyner:

The chairs of the Joint Legislative Transportation Oversight Committee acknowledge the North Carolina Turnpike Authority's ability to enter into partnership agreements with private entities to finance and construct transportation infrastructure. The Mid-Currituck Bridge Project is one of the first such endeavors utilizing this authority. The Chairs want to ensure that the General Assembly, as well as interested citizens, understands this new model of financing and constructing transportation infrastructure so that North Carolina's experiences in this area may be positive.

In regards to the Mid-Currituck Bridge Project, the chairs have concerns about the terms of the agreement for the project, the financial feasibility of the project, and the financial liability the State may be incurring as the NC Turnpike Authority considers the finance plan for the project. We would like for you to present the partnership agreement being considered for this project to the Joint Legislative Transportation Oversight Committee when it meets this fall. In anticipation of that meeting, the chairs respectfully request the following information by Friday, August 3, 2012, in regards to the Mid-Currituck Bridge Project:

- What are the terms of the agreement being considered for the Project? What parties will assume the various responsibilities of the project, such as right of way acquisition, property ownership, construction costs, operation and maintenance of the project, etc.
- What is the timeline for the Project? What, if any, deadlines would be provided in the agreement? Is there a deadline for approval of the agreement? If so, what is it and what factors determine the deadline?

- What would be the State's financial obligation under the agreement? What could the State's financial obligation become under the agreement if the project fails? Would the State need to provide GAP funding for the project? If so, what funds would be used? Would these funds need to be appropriated for this project? If not, why not?
- Who will be involved in the approval of the Commercial Close and Financial Close agreements? Will the agreements need to be reviewed by the Local Government Commission?
- To what extent do other issues influence the terms of the agreement? For example, Southern Environmental Law Center has suggested it may file a lawsuit in connection with this project. How would such a lawsuit affect an agreement? Does the possibility of a lawsuit impose greater risks for the private party? Would the State be asked to make greater concessions to compensate for those risks, and if so, what would those concessions likely be?

Transportation infrastructure needs in this State are great and we all must grapple with which projects to finance and how to finance them. Public-private partnerships (P3) represent a new tool for financing, constructing, and maintaining transportation infrastructure. As with any new tool, the first projects to use the tool will be highly scrutinized. It is vitally important that these projects and the P3 agreements associated with them be understood in order for them to be successful. We saw how the new tool of tax increment financing received a poor review when it was used to finance the wrong project in Halifax County. To help ensure that North Carolina's experience with P3s is more favorable, we respectfully ask the North Carolina Turnpike Authority not to proceed with the Commercial Close of the Mid-Currituck Bridge Project until the Chairs and the Members of the Transportation Oversight Committee have an opportunity to review the information we've requested and discuss it with you at a Transportation Oversight Meeting.

Sincerely,

Senator Bill Rabon

Representative Phillip Frye

Senator Kathy Harrington

Representative Grey Mills

cc: Jim Trogon  
Beau Memory